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C O N F I D E N T I A L SECTION 01 OF 02 MADRID 000076

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FROM THE AMBASSADOR FOR EUR A/S FRIED AND NSC DAN FISK

E.O. 12958: DECL: 01/11/2016

TAGS: [PREL](#) [SP](#)

SUBJECT: SPAIN/VENEZUELA: REACTION TO DENIAL OF LICENSE FOR  
TECH TRANSFER

REF: STATE 5253

Classified By: DCM Bob Manzanares; reasons 1.4 (B) and (D).

11. (C) Summary. The Ambassador met with Foreign Minister Miguel Angel Moratinos on January 12 to advise him of the USG decision to deny the Spanish technology transfer license request related to the sale of Spanish aircraft to the Venezuelan government. Moratinos expressed frustration, saying it would be seen as a "punitive action" by the USG against Spain and would provide a field day for the opposition and the media. He said he expected a negative reaction by President Zapatero to the news. Moratinos complained that the USG did not recognize Spain's positive steps, but only focused on negative episodes in the relationship; he urged a clear "positive signal" that the USG wanted good relations with Spain. The Ambassador reviewed the USG's clear, consistent, and frequent messages to Spain regarding its sale of ships and planes to Venezuela. He said the USG also desired better relations and had made a concerted effort to work with Spain in Latin America, as evidenced by the upcoming visit of WHA A/S Shannon. The Ambassador met briefly with President Zapatero and Moratinos at a representational event later in the day; both appeared to have accepted the news and were focused on how to deal with it in the media. Comment: It would be useful from Embassy Madrid's perspective to again demonstrate our interest in good relations with Spain, perhaps by arranging a meeting for Moratinos with the Secretary when Moratinos is in the U.S. in May for the U.S.-Spain Council meeting in Florida. End Comment.

12. (C) Separately, Moratinos discussed his impressions of Bolivian president-elect Evo Morales, describing him as honest, but inexperienced and caught in "a bear hug" by Castro and Chavez. He said he had encouraged Morales to work with the USG. For his part Morales asked that Spain convey two messages to the USG: A) that the USG not imply that he is connected to narcotraffickers (or by association with terrorists) because of his support for the coca growers, and B) that the USG give Morales "room for maneuver" with the IMF and World Bank. End Summary.

13. (C) The Ambassador, accompanied by DCM, relayed reftel points to FM Moratinos and Deputy FM Bernardino Leon, telling Moratinos that it was not the USG's intent to make the denial of the licenses public. The Ambassador explained that the USG had carefully reviewed the application for a license by EADS CASA and was denying the application consistent with USG concerns regarding the transfer of such technology to Venezuela, not as a swipe against the Spanish government. He told Moratinos that he would similarly inform Minister of Defense Jose Bono and EADS CASA Chairman Sanz.

14. (C) Moratinos asked whether the USG decision could be reversed. The Ambassador said that it was a firm decision that could only be revisited if Venezuela changed its present course, noting that the USG was following the same policy with respect to similar applications by other countries for authorization to transfer technology to Venezuela, as we had recently explained to Spanish officials. Moratinos said the denial of the applications was unfortunate, given the Spanish government's approval to EADS CASA to continue with the sale and expressed concern about how this decision would affect Spanish commercial interests. The Ambassador ventured that EADS CASA would probably not be unduly harmed, given the company's significant business interests elsewhere, but that that issue was for the company to resolve.

15. (C) Moratinos turned to the political impact of the USG decision, saying it would be portrayed as a punitive action by the USG against the Zapatero government and would give the opposition and the media platform to cast Zapatero as inept in his handling of relations with the U.S. Moratinos said he would inform Zapatero immediately and expected him to react negatively to the news. He said he would inform the Ambassador of Zapatero's reaction.

16. (C) In a frustrated tone, Moratinos asked what the USG expected of Spain. He said 2006 was a crucial year for the Zapatero government and that they had to get bilateral

relations on track because the U.S. would be absorbed by political campaigning in 2007. Moratinos said Spain desired "clear signals" from the USG that bilateral relations had improved, but saw only "punitive signals," including this decision to deny the technology transfer to Venezuela. He said the USG and Spain should be establishing joint objectives in democracy promotion in Venezuela rather than arguing over arms sales. "We are the eighth largest power in the world, but (the USG) treats us like a fifth-rate power. We have no indication that there could be a visit by Secretary Rice or other high level attention. We want to

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work with you, but need a minimal political signal that you want to work with us. We need to demonstrate that the bilateral relations are on track and are not just about what we are doing in Venezuela and Cuba."

17. (C) The Ambassador responded that there could be no surprise on the part of Moratinos or other Spanish leaders regarding the USG's decision on the EADS CASA application. From the beginning, the USG message on the Spanish sales to Venezuela had been clear, consistent, and frequent. Spain had made its decision in spite of our objections. Nevertheless, said the Ambassador, the USG also wished to put this issue behind us and move forward on a common agenda, as evidenced by the upcoming visits of WHA A/S Tom Shannon and Senator Mel Martinez. He also noted Spanish Vice President de la Vega's expression of interest in visiting the U.S., which the Embassy supported. The Ambassador said he agreed with Moratinos that we could work together to make 2006 a good year for the bilateral relationship. At this point, Deputy FM Leon noted that former President Felipe Gonzalez planned to visit Venezuela at the end of January to talk to both Chavez and the opposition as part of Spain's democracy promotion efforts.

18. (C) Hours later, the Ambassador met with President Zapatero and Moratinos in an informal pull-aside at a Royal Palace reception. They seemed to have digested the news well and were focused on media portrayal of the decision. The Ambassador assured them that the USG was not interested in a negative portrayal of this episode in the media viz-a-viz U.S.-Spain bilateral relations.

//EVO MORALES VISIT//

19. (C) On the visit of Bolivian president-elect Evo Morales, Moratinos shared his impression that Morales' strengths were his "honesty and his conscience." However, Moratinos also described Morales as uninformed and inexperienced. Morales told Spanish interlocutors that he desired a special relationship with Spain and did not want to rely solely on Venezuela and Cuba, but Moratinos expressed concern that Castro and Chavez' "bear hug" of Morales would continue to have a negative effect. Moratinos said he had urged Morales to stop aggravating the USG. According to Moratinos, Morales asked that Spain convey two messages to the USG on his behalf:

-- Do not implicate him with narcotics trafficking (or by extension narco terrorism) simply because of his support for coca cultivation; and,

-- Give him room for maneuver with the IMF and the World Bank.

//COMMENT//

10. (C) Given President Zapatero's measured response, it appears that Moratinos overcame his frustration and presented the issue to Zapatero in a straightforward manner. Overall, Moratinos has been a positive influence throughout this episode, despite having to (again) play the role of the loser in an internal struggle with Bono. Moratinos consistently scores near the bottom in Spanish public opinion polls while Bono is among the most popular figures in the cabinet. This may be due in part to the fact that Bono is a professional politician, while Moratinos is a career diplomat with little flair for the spotlight. From our viewpoint, it makes sense to reinforce Moratinos' positive attitudes, perhaps through a meeting with the Secretary during Moratinos' visit to the U.S. in May to participate in the U.S.-Spain Council meetings in Florida.

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